



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VIII

999 18th STREET - SUITE 500
DENVER, COLORADO 80202-2466

301152

April 6, 2000

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VIA FACSIMILE AND
U.S. MAIL

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Re: United States and the State of Colorado v. Rico Development Corporation et al.
(United States District Court Civil Action No. 99-M-1386) - Demand for
Immediate Action to Restore Integrity to Settling Ponds at the St. Louis Tunnel
Discharge From the Rico Argentine Mine

Dear Josh and Kevin:

Enclosed are a letter and photographs received today by our office and by the State of Colorado. As the letter from Eric James Heil, Rico Town Manager and Attorney, states, the uppermost settling pond for the St. Louis tunnel has breached, allowing untreated contaminated effluent from the St. Louis tunnel to enter the Dolores River without any residence time in the series of settling ponds. As you may recall, we discussed this possibility when we met in EPA offices on February 29, 2000 and requested that your clients take immediate measures to preserve the integrity of the ponds.

Please have your clients act immediately to restore the integrity of the ponds to ensure that no further degradation of the ponds will occur. It is critical that the integrity of the ponds be restored so that sedimentation that has built up in the ponds over the years, as well as untreated contaminated effluent from the St. Louis tunnel that has not had any residence time in the series of settling ponds, will not discharge into the Dolores River. If immediate action is not taken, the United States and the State of Colorado will be compelled to seek an immediate temporary restraining order in United States District Court in conjunction with our ongoing enforcement action against your clients.

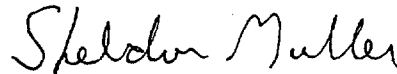


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From my conversation with Joshua Epel this afternoon, it is my understanding that a consultant will be engaged tomorrow to immediately rectify the situation. Please confirm those arrangements tomorrow in a FAXed letter to me and to Annette Quill, Assistant Attorney General, Colorado Attorney General's Office. If my understanding is incorrect, please notify me immediately.

Thank you for your immediate attention to this matter. If you have any questions, please call me at (303) 312-6916. My FAX number is (303) 312-6953.

Sincerely yours,



Sheldon H. Muller
Enforcement Attorney

Enclosures

April 4, 2000 Letter From Eric James Heil
and Photographs Enclosed With That Letter

cc:

Stephen Taylor, U.S. Attorney's Office (w/encls.)
Robert Homiak, U.S. DOJ (w/encls.)
Monica Heimdal, EPA (w/o encls.)
Annette Quill, CO AG (w/o encls.)

